

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. SPU-01-2 (SPU-00-4, SPU-98-8)
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ORDER ALLOWING AMENDMENT TO PURCHASE POWER AGREEMENT

(Issued February 23, 2001)

On February 12, 2001, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) a petition asking that MidAmerican be allowed to enter into a contract amendment with Cordova Energy Company LLC (Cordova), an affiliate of MidAmerican. The Board issued an order on June 26, 2000, in Docket No. SPU-00-4 (SPU-98-8) allowing MidAmerican to enter into a purchase power contract for 250 MW from Cordova. The contract runs from approximately June 1, 2001, through May 14, 2004. The contract amendment would permit MidAmerican to purchase non-firm energy from Cordova during the plant start-up and testing phase, which is anticipated to begin in late February 2001 and extend through the end of May 2001.

In the merger proceeding involving CalEnergy Company Inc., MidAmerican Energy Holdings Company, and MidAmerican, identified as Docket No. SPU-98-8, MidAmerican and the other applicants committed that MidAmerican would not have any contracts with power plants built or acquired by affiliates without the consent of the Board. In addition, because Cordova is an exempt wholesale generator, section

32(k) of the Public Utility Holding Company Act (PUHCA) requires the Board to make certain determinations before the purchase power amendment can be effective. The Board must find that the agreement will benefit consumers, does not violate state law, does not provide any unfair competitive advantage, and is in the public interest. No objections to the contract amendment have been filed.

Under the terms of the proposed amendment, MidAmerican may either sell the energy it purchases during the start-up and testing phase or use it to serve native load. In the case of resale, MidAmerican will pay Cordova 80 percent of the price at which the energy is sold. If the energy is used to serve native load, MidAmerican will pay Cordova 80 percent of MidAmerican's incremental cost of energy during hours when MidAmerican purchases energy from Cordova. Because MidAmerican does not now have an energy adjustment clause, no costs of the amendment will flow back to ratepayers until a rate proceeding is held.

Section 32(k) of PUHCA prohibits an electric utility company from purchasing electric energy at wholesale from an affiliated exempt wholesale generator unless the state commission (i.e., Board) makes a determination that the transaction will benefit consumers, does not violate any state law, does not provide an unfair competitive advantage, and is in the public interest. In addition, the Board must make a determination that it has sufficient regulatory authority, resources, and access to books and records of MidAmerican and Cordova to make the aforementioned determinations.

The Board's June 26, 2000, order contains the findings required by PUHCA and is incorporated by reference. The contract amendment does not cause the

Board to change or amend any of the findings the Board made in that order. The contract amendment simply allows MidAmerican to purchase needed energy at an earlier date from Cordova. The amendment will benefit consumers, does not violate any state law, does not provide an unfair competitive advantage, and is in the public interest. As it did in the June 26 order, the Board explicitly reserves determination of any cost allowance issues to a future rate or other appropriate proceeding.

IT IS THEREFORE ORDERED:

Pursuant to the request filed by MidAmerican Energy Company on February 12, 2001, the Utilities Board grants MidAmerican's request that it be allowed to enter into an amendment to its purchase power contract with Cordova Energy Company, L.L.C., an affiliate of MidAmerican.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper
Acting Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 23rd day of February, 2001.